EXHIBIT 9
DATE 3/6/15
HB 591

HOUSE BILL 591

Rep. Christopher Pope

A bill to moderately increase working interest tax revenue from future Montana tight-shale oil and gas wells by moving the current ' Tax Holiday' from Production Months 0 to 18, to Production Months 19 to 36.

GOALS and OBJECTIVES

- To generate additional funding to offset public sector costs directly related to Oil and Gas development
- To better match cashflows: Maximizing tax revenue when public sector service demands are most pronounced
- To maintain Montana's preferential/business-friendly O&G tax rate relative to North Dakota [10.67%] and Wyoming [12.08%]
- A simple, easily implemented reform
- Effective on wells drilled beginning January 1, 2016
- No change to statute as it relates to tax rates or tax revenue expenditure

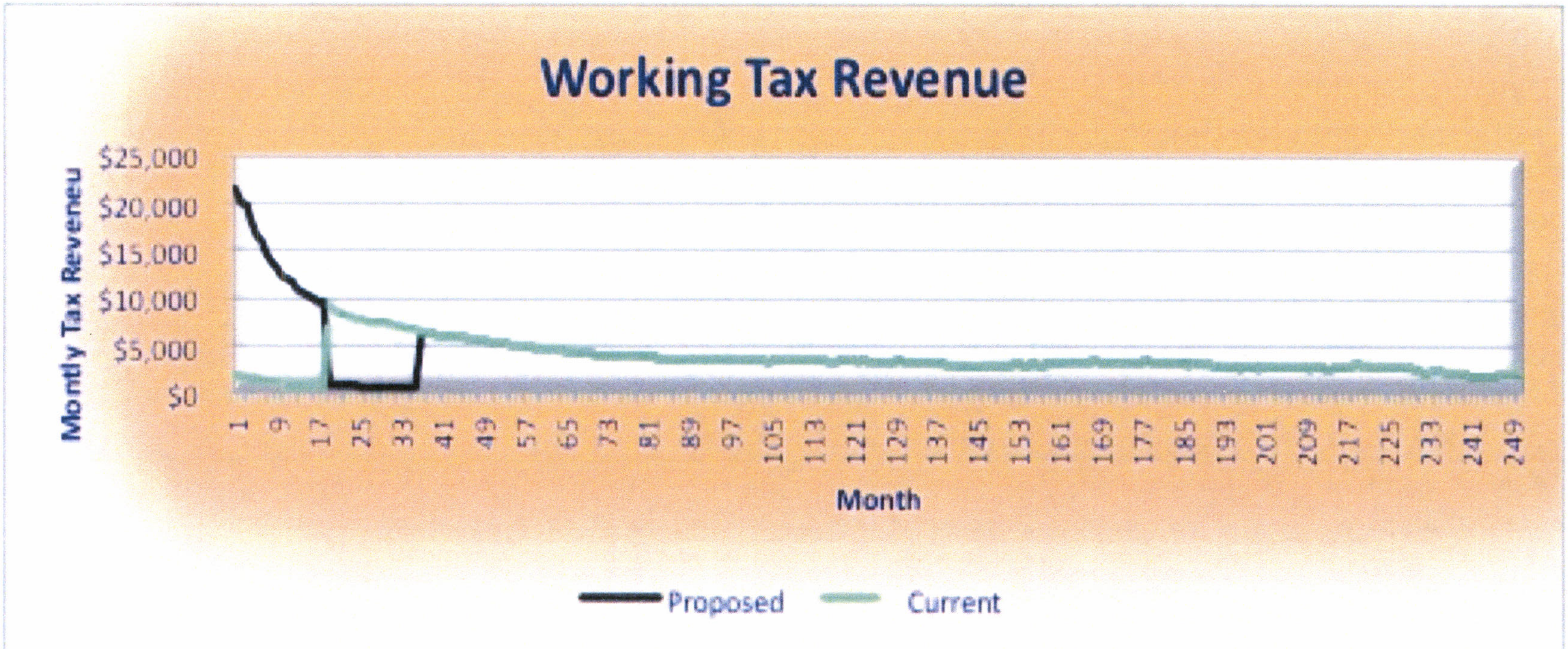
LIKELY NEAR-TERM OUTCOMES [assuming $50/bbl oil price]

- An estimated increase of approximately $100,000 in tax revenue on a well typically producing $12 million in total Working Value over 20 years.
- An increase in the effective tax yield of 0.8 percentage points, an increase of approximately 10%
- If applied to the 175 'Holiday' wells in production in 2014, would generate approximately $18 million annually

TYPICAL MONTANA TIGHT SHALE WELL Calculated at $50/bbl

Source: MT Department of Revenue, 2015

	Working Value	Current tax Dollars	Proposed tax Dollars	Difference Dollars	Current Tax Percent	Proposed Tax Percent	Difference Percent
Ist 3 years	$4,177,368	$157,839	$260,733	$102,894	3.8%	6.2%	2.5%
20 year lifecycle	$12,224,753	$903,027	$1,005,921	$102,894	7.4%	8.2%	0.8%
Working 'Holiday' Wells 2014	175	$27,621,836	$45,628,308	$18,006,471			



source: MT Department of Revenue, 2/2015 Assuming $50/bbl market price of oil